

17 June 82

A handwritten signature, possibly reading 'AC', in dark ink.

Maurice:

The original has gone forward
this morning--via C/NIC (or VC/NIC).

- B.

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Central Intelligence Agency



Washington, D. C. 20505

MEMORANDUM FOR: The Honorable Lionel H. Olmer
The Under Secretary for International Trade
Department of Commerce

SUBJECT: Alternatives to Soviet Natural Gas

REFERENCE: Your Memorandum dated 9 June 1982

1. I very much appreciate your thoughtful memorandum on alternatives to Soviet natural gas. The questions you raise are right on the mark; although we have done good work on this issue, a great deal more needs to be done. Indeed, we have been asking ourselves some of the same questions and hope to address them in two forthcoming DDI studies on:

- Political and Economic Factors Affecting the Prospects for the Development of North Sea Gas--to be completed around the end of this month.
- Political and Economic Factors Affecting the Development of Middle Eastern and African Gas--to be completed in early July.

2. A few of your questions cannot be answered quickly. More information is needed, and more work needs to be done, on cost factors affecting the delivered price of natural gas from different sources. We will also need better information on the politics of gas production, trade, and pricing in various West European countries.

3. One of your questions--the impact of specific US energy actions on world oil and gas markets--can probably best be handled by DOE, which has done work on this subject before. We will, of course, work with them closely.

4. An additional question we have been asking ourselves is whether the Dutch government may change its gas production and export policy in

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response to growing budgetary problems. There is a possibility that the Dutch might export more gas than planned in the 1980s if the Norwegians are prepared to greatly develop their gas exports in the 1990s.

William J. Casey
Director of Central Intelligence

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